

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 XMB-02 CAB-02 CIAE-00

COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00

TRSE-00 L-03 /041 W

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R 141724Z JUL 76

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 3917

INFO AMEMBASSY BRASILIA

AMEMBASSY PARIS

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE RIO DE JANEIRO 2682

EO 11652: NA

TAGS: EAIR BR

SUBJ: CIVAIR: VASP AIRCRAFT PURCHASE

REF: STATE 163508

1. UNCLAS. IN JULY 1, 1976 TELECON WITH CONGEN RIO OFFICER, BOEING OFFICIAL (PETERS, SEE BELOW) IN RIO STATED THAT VASP HAD SIGNED A CONTRACT FOR A TOTAL OF SEVEN 727-200S. DELIVERY IS TO BEGIN IN 1977 AND RUN THROUGH 1978. BOEING REP ALSO STATED THAT VASP HAD SIGNED A CONTRACT FOR SIX A-300 BS TO BE DELIVERED DURING APPROXIMATELY THE SAME TIME SPAN.

2. IN SAME TELECON BOEING ALSO DISCUSSED EXIMBANK TELEX QUOTED IN STATE 163508. WE HAVE SINCE RECEIVED TELEX DATED JULY 6 FROM KENNETH N. PETERS, MANAGER OF CONSUMER FINANCE, OFFICE OF THE TREASURER, BOEING, SEATTLE, WASH. REGARDING EXIM TELEX TO VASP VICE PRES FOR FINANCE, CHENG. IN JULY TELEX PETERS ASKS 1) IF GOB GIVES FOREIGN EXCHANGE GUARANTEES AND IF SO, WOULD THEY DO SO IN THIS CASE, 2) WHAT PROCEDURE MUST VASP FOLLOW TO COMPLY WITH EXIM REQUEST. REQUEST THE DEPT PASS FOLLOWING RESPONSE PETERS, BOEING ASAP.

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3. GOB DOES NOT GIVE GUARANTEES OF EXCHANGE AVAILABILITY ON BASIS OF SEPARATE FEDERAL GOVERNMENT UNDERTAKING. GOB POSITION IS THAT THESE ARE NOT NECESSARY UNDER CURRENT BRAZILIAN LEGISLATION. LAW NO. 4131/62 AS AMENDED BY LAW NO. 4390/64 STATES THAT FOREIGN EXCHANGE MAY BE WITHHELD IN TIMES OF BALANCE OF PAYMENTS CRISIS FROM BRAZILIANS ATTEMPTING TO REMIT FUNDS. HOWEVER, PARA. 5 OF ART. 28 OF THE ABOVE MENTIONED LAW GUARANTEES THAT FOREIGN LOANS DULY REGISTERED WITH CENTRAL BANK WILL HAVE FOREIGN EXCHANGE AVAILABLE FOR PAYMENT. FURTHER, IN THE CASE OF A DEFAULT, THE GUARANTOR HAS THE SAME RIGHT AND OBLIGATION WITH RESPECT TO FOREIGN EXCHANGE AS THE ORIGINAL BORROWER WOULD HAVE HAD. COPY OF RELEVANT LEGISLATION BEING POUCHED TO EXIM. END UNCLASSIFIED.

4. BEGIN LIMITED OFFICIAL USE. COMMENT: THE NUMBER OF PLANES MENTIONED BY BOEING IN THIS PURCHASE SEEMS EXTREMELY LARGE GIVEN NEEDS OF VASP AND CONDITIONS IN THE BRAZILIAN AVIATION MARKET AT THE PRESENT TIME. PURCHASE AND LOAN CONTRACTS MUST BE APPROVED BY FEDERAL MINISTRY OF FINANCE AND CIVIL AIR AUTHORITIES. THE SIZE OF PURCHASE REPORTED BY BOEING REP WOULD MAKE IT HIGHLY VISIBLE AT THE CENTRAL BANK AND THE MINISTRY OF FINANCE. A 250 MILLION DOLLAR PURCHASE, GIVEN BRAZIL'S CURRENT FOREIGN EXCHANGE AND FOREIGN DEBT SITUATION, COULD BE VIEWED AS UNDESIRABLE BY THE MINISTRY OF FINANCE AND CENTRAL BANK; EACH HAS A REPRESENTATIVE ON INTERMINISTERIAL COMMITTEE THAT MUST APPROVE COMMERCIAL AIRCRAFT PURCHASES. IT IS POSSIBLE THAT VASP HAS REQUESTED 13 PLANES FROM 2 DIFFERENT MANUFACTURERS AS AN OPENING BARGAINING POSITION. CONTRACTS WITH BOTH MANUFACTURERS APPARENTLY CONTAIN ESCAPE CLAUSES MAKING THEM CONDITIONAL ON GOVERNMENT APPROVAL. VASP MAY BE ATTEMPTING TO PLAY OFF ONE MANUFACTURER AGAINST THE OTHER. WE ARE ATTEMPTING TO VERIFY WHAT IS CURRENT STATE OF PLAY.

5. LOCKHEED'S 1011 APPEARS TO BE OUT OF CONSIDERATION FOR VASP ORDER AT PRESENT TIME.

6. EMBASSY CONCURS THIS MESSAGE.
DEXTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIRCRAFT SALES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976RIODE02682
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760271-0376
From: RIO DE JANEIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760759/aaaabzxu.tel
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Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
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Margaret P. Grafeld
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EO Systematic Review
04 MAY 2006

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TAGS: EAIR, BR, VASP
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